

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Integrate  
and Refine Procurement Policies  
Underlying Long-Term Procurement Plans

Rulemaking R-08-02-007

**THE GREEN POWER INSTITUTE  
ENVIRONMENTAL HOMEWORK ASSIGNMENT**

October 3, 2008

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## **THE GREEN POWER INSTITUTE ENVIRONMENTAL HOMEWORK ASSIGNMENT**

### **Introduction**

Pursuant to the September, 2008, email request from Aspen Environmental, the Green Power Institute (GPI) respectfully submits this *The Green Power Institute Environmental Homework Assignment*, in R.08-02-007, the **Order Instituting Rulemaking to Integrate and Refine Procurement Policies Underlying Long-Term Procurement Plans**.

### **Environmental Analysis in the LTPP Process**

The GPI's approach to instilling environmental concerns into the LTPP process is founded on our understanding that environmental issues underlie the preferred-resources loading order that has been established in the state's Energy Action Plan, and EAP II. One of the overall purposes of the long-term procurement planning process is to implement the preferred-resources loading order in the utilities' resource procurement activities, while at the same time ensuring that they are fulfilling various programmatic obligations (e.g. RPS, efficiency, ARB *Scoping Memo*). We believe that the Commission should focus its attention in this proceeding on ensuring that these programs are driving the overall resources-selection process.

The *Homework* memo begins with a statement of intention to insert environmental concerns into the procurement-planning process at the earliest stage possible. One of the reasons given is to address concerns such as environmental permitting challenges and overall project viability risks. It is our belief that the proper business approach to dealing with the risks of project development is to ensure that the utilities are over-contracting for their needs by an amount that is commensurate with the expected rate of new project development failure, which we believe is in the neighborhood of 30 percent. The utilities

have failed to build an adequate margin of safety into their RPS procurement efforts since the beginning of the RPS program. As a result, they are now seriously behind on their renewables procurement obligations.


The *Homework* request presents three levels of possible granularity with which to consider environmental concerns in the LTPP process. The first level is as basic as differentiating between fossil energy and renewables, which is essentially what was used in the last (2006) round of the LTPPs. The second level involves disaggregating both fossil resources and renewables into broad subcategories. The third level is a geographic-specific consideration of resource build-out scenarios, in some ways patterned on the RETI transmission-planning process. In our opinion, the proper use of environmental information in the LTPP process is on a generic level, rather than on a project specific basis. This would limit the consideration of environmental issues to the first two levels of granularity presented in the *Homework* assignment.

Indeed, the GPI opposes conducting in the LTPP proceeding a geographic-specific analysis of the environmental implications of detailed resource build-out scenarios, modeled on the effort that is currently underway in RETI. The LTPPs establish broad guidelines for utility procurement. They set the parameters under which procurement is conducted, but they should not decide the actual winners and losers on a project-specific basis. Otherwise, the entire competitive aspect of the process as it currently stands is thwarted.

There is a large amount of information available in the literature about the environmental implications of a wide variety of energy alternatives. It would be useful to have a compendium of this information in the record of this proceeding. The LTPP process produces a set of approved procurement plans for the IOUs. These plans set the parameters that guide subsequent solicitations for generating resources. A broader understanding of the environmental implications of all generating resources would help to inform and guide the overall procurement efforts of the utilities.

Dated October 3, 2008, at Berkeley, California.

Respectfully Submitted,



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